

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)

G. RAYMOND BECKER)
Former Director and)
Institution-Affiliated)
Party of:)

Heart of Illinois Bank, F.S.B.)
Spring Valley, Illinois)

Order No.: CHI-95-10
Dated: September 18, 1995

STIPULATION AND CONSENT TO ISSUANCE OF AN
ORDER OF ASSESSMENT OF CIVIL MONEY PENALTY

WHEREAS, the Office of Thrift Supervision("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed G. Raymond Becker ("Becker"), former shareholder, director, chairman of the board and institution-affiliated party of Heart of Illinois Bank, F.S.B., Spring Valley, Illinois ("HOI" or the "Institution"), OTS No. 06697, that OTS is of the opinion that grounds exist to initiate an administrative civil money penalty assessment proceeding against Becker pursuant to Section 8(i) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(i).¹

WHEREAS, the Director of the OTS has delegated to the Regional Directors of the OTS the authority to issue Orders of Assessments of Civil Money Penalties where the respondent has consented to the issuance of the Order;

1. All references to the U.S.C. are as amended.

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WHEREAS, Becker desires to cooperate with OTS and to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms:

1. Jurisdiction. (a) At all times relevant to the allegations set forth herein, HOI was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) and Section 2(4) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C. § 1462(4). Accordingly, it was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) Becker was a former shareholder, director and chairman of the board of the Institution and is an "institution-affiliated party" of the Institution as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u) having served in such capacity within 6 years of the date hereof (see 12 U.S.C. § 1818(i)(3)).

(c) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal Banking agency" with jurisdiction over the Institution and persons participating in the conduct of the affairs thereof.

(d) The Director of the OTS has the authority to bring an administrative proceeding for a civil money penalty against persons participating in the conduct of the affairs of the Institution and institution affiliated parties pursuant to Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

(e) Becker is subject to the authority of OTS to initiate and maintain administrative proceedings pursuant to Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

2. OTS Findings of Fact. The OTS finds that: Becker violated the Conditional Approval letter dated September 25, 1989 ("Conditional Approval Letter"), (which included restrictions on transactions between HOI and its affiliates) when he caused or permitted a \$600,000 loan to be made by HOI in February 1991, the proceeds of which were ultimately almost entirely paid to a Lexington House Corporation, a company owned and controlled by Becker. The Conditional Approval Letter permitted Becker to purchase HOI. The collateral for this loan was a nursing home commonly known as Richwoods Terrace, which was owned by Lexington House Corporation. Becker also permitted an additional \$600,000 in loan participations to be sold by HOI to entities affiliated with Becker, also in violation of the Conditional Approval Letter. Finally, despite repeated warnings from the OTS and the prior imposition of civil money penalties, Becker took no actions to uncover or prevent violations of the Conditional Approval Letter.

3. Consent. Becker consents to the issuance by the OTS of the accompanying Order. Becker further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under Section 8(i) of the FDIA, 12 U.S.C. § 1818(i). Upon its issuance by the Regional Director or designee for the Central Region, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

5. Waivers. Becker waives his right to a notice of Assessment of Civil Money Penalty provided by Section 8(i) of the FDIA, 12 U.S.C. § 1818(i), and the administrative hearing provided for by 12 U.S.C. §1818(i)(2)(H), and further waives any right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order.

6. Indemnification. Becker shall neither cause or permit HOI, its predecessors or successors in interest (or any subsidiary thereof) to incur, directly or indirectly, any expense for the amount of the civil money penalties assessed under the Order or any legal (or other professional expenses) incurred relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from HOI, its predecessors or successors in interest (or any subsidiary thereof) with respect to such amounts. Any payments received by or on behalf of Becker in connection with this action shall be returned to HOI, or any of its successors in interest.

7. Other Actions, Proceedings and Parties. This Stipulation and the accompanying Order are issued solely to settle this proceeding. By entering into this Stipulation and Consent, Becker acknowledges and agrees explicitly to the following provisions:

a. Becker acknowledges and agrees that this proceeding, the assessment or payment of the penalty contemplated as part of the resolution thereof, and Becker's consent to the entry of the Order are for the purposes of resolving this OTS enforcement matter only. By signing this document Becker agrees that he will not assert the assessment or payment of this penalty as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

b. The OTS and Becker acknowledge and agree that the imposition of the civil money penalty by the OTS, and the payment of such civil money penalty, are for the purpose of resolving the administrative civil money penalty assessment proceeding and all other potential administrative actions within the jurisdiction of OTS concerning Becker relating to matters known or discovered by OTS concerning the facts set forth in paragraph 2 above, up to the date of entry of the Order.

c. This Stipulation, the Order and the payment by Becker of any monies or providing any other financial relief as contemplated by the Order, does not release discharge, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of Becker that arise pursuant to this action or otherwise, and that may be or have been brought by any other governmental entity other than the OTS.

d. Respondent's obligation to pay civil money penalties pursuant to this Stipulation and Consent and the Order shall not be dischargeable in bankruptcy under any circumstances.

WHEREFORE, Becker executes this Stipulation and Consent to Issuance of an Order of Assessment Civil Money Penalty, intending to be legally bound hereby.

By:

G. Raymond Becker
G. Raymond Becker

Date: Sept 14, 95

Accepted by:

Office of Thrift Supervision

Ronald N. Karr
Ronald N. Karr
REGIONAL DIRECTOR
Central Region

Date: 9-18-95

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Former Director and)
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Heart of Illinois Bank, F.S.B.)
Spring Valley, Illinois)

ORDER OF ASSESSMENT OF CIVIL MONEY PENALTY

WHEREAS, G. Raymond Becker ("Becker") has executed a Stipulation and Consent to Issuance of an Order of Assessment of Civil Money Penalty ("Stipulation"); and,

WHEREAS, Becker, in the Stipulation, has consented to the issuance of this Order Assessment of Civil Money Penalty pursuant to 12 U.S.C. § 1818(i).¹

NOW, THEREFORE, IT IS ORDERED that Becker shall pay to the OTS the sum of \$15,000 in five installments by tendering five certified checks to the OTS in the amount of \$3,000.00 made payable to the Treasurer of the United States. The checks shall be due on or before October 15, 1995, November 15, 1995, December 15, 1995, January 15, 1996 and February 15, 1996. If any payment is not made by the above dates, the entire remaining balance of the Civil Money Penalty shall immediately become due and owing.

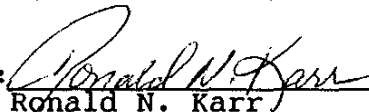
1. All references to the U.S.C. are as amended.

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The checks shall be sent, together with cover letters stating the name of the association and the OTS Order Number, and a copy of the Order, to the following address: Controller's Division, Office of Thrift Supervision, 1700 G Street, N.W., Washington, D.C. 20552. Copies of the cover letters to the Controller's Division, and photocopies of the checks shall be sent to Joseph Griffin, Esq., Office of Thrift Supervision, 111 E. Wacker Drive, Suite 800, Chicago, Illinois, 60601-4360.

OFFICE OF THRIFT SUPERVISION

By:


Ronald N. Karr
Regional Director
Central Region